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SURVEY of Current Affairs

Government and Administration

Northern Ireland: End of the Hunger Strike 287

External Affairs and Defence

European Community: External Relations 289
East-West Relations 291
Commonwealth Meetings 295
Heads of Government; Finance Ministers
Shorter Notes
Community Fisheries 302; President Sadat 302

Economic and Scientific Affairs

Chancellor's Speech at the IMF 303
National Income and Expenditure 1980 304
Industry Act Report 306
Shorter Notes
Local Government Finance 307; National Research Development Corporation 307; New Economic Department in Northern Ireland 308

Social and Cultural Affairs

New Towns in Scotland 309
Shorter Notes
Land Registers 309; National Garden Festivals 310

Documentation

311

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Northern Ireland: End of the Hunger Strike

The end of the hunger strike in the Maze Prison on 3 October has been welcomed by the Government and on 6 October the Secretary of State for Northern Ireland announced changes in the regulations concerning clothing, remission of sentence and association between prisoners which will apply to all prisons in Northern Ireland.

End of Hunger Strike

Following the decision of the prisoners in the Maze prison to end their hunger strike the Secretary of State for Northern Ireland, Mr James Prior, said on 3 October that he welcomed the end of the hunger strike but had been greatly saddened by the loss of life and injuries suffered in the community during recent months. The community owed much to those churchmen and laymen who had spoken out against the exploitation of the suffering of others. The search for peace could now be resumed.

The Prison System

In a subsequent statement on changes in the regime in Northern Ireland prisons the Secretary of State said that the hunger strike had ended by the voluntary action of the protesters. 'It is time to heal the deep wounds and fresh divisions caused by the strike both inside and outside the prisons, and to help to bring to an end the violence which for so long has prevented the social, political and economic development of Northern Ireland.'

Mr Prior said that the Government had always been determined to be reasonable and flexible and to seek improvements in the prison system where they could be made. It had also emphasised that it would not act under duress. Now the hunger strike was over he wanted to play his part in seeking reconciliation and an end to violence by introducing changes along the lines set out by the previous Secretary of State (see pp 193-4).

He wanted to make it clear what he was not prepared to do. The protesters' views on work and association were not compatible with a civil prison system, especially the modern and humane system which made the principal gaols of the Province as advanced as any in the world. There was room for development but there would be no question of a political or military system of administration or any return to special category status.

He had decided to make the following important changes which would apply to all prisoners in all prisons in Northern Ireland.

Clothes

Prisoners would in future be able to wear their own clothing at all times. To avoid any misunderstandings, the practical arrangements for this change would be set out in a leaflet to be circulated to all prisoners. These arrangements covered, for example, the need to ensure that clothing worn by prisoners did not resemble that of prison officers, was not tantamount to a uniform, and was not otherwise offensive or unsuitable. Those who preferred to continue to wear the prison issue civilian-style clothing would be able to do so.

Remission

At present prisoners who had lost remission as a penalty for certain protest action might have 20 per cent of that lost remission restored after three months of full conformity with prison rules. A number of prisoners had already gained from this. He was now introducing a more generous scheme for restoration of lost remission based on the following principles: the new scheme would extend to all prisoners who had lost remission other than as a result of violent acts against prison officers or other prisoners; the amount of lost remission which might be restored would be increased to a maximum of 50 per cent; the new scheme would apply only to those prisoners who had either already completed a period of three months' conformity with prison rules, or who now did so.

The new scheme applied to past behaviour. It did not mean that prisoners who in the future lost remission for breaches of prison rules would have their lost remission restored.

Association

On the issue of association, Mr Prior said that conforming prisoners already had many opportunities for mixing at mealtimes, at work and exercise, and during periods of association each evening and at weekends. There was little immediate scope for expansion of existing arrangements but he accepted that there should be some provision for prisoners in adjacent wings of H-blocks to share association in recreation

rooms and exercise areas. Before this change could be implemented new arrangements for the control and supervision of such movement and certain other changes would be required.

Training

The Government had made it clear that the development of the prison system was a continual process, in particular that the possibility of widening the scope of work in the prisons could be examined only within certain well-defined limits. There were obvious practical and financial limitations on what could be arranged. He was conscious that many, indeed most, of the prisoners were young men. Even in the context of deservedly long sentences on conviction for violent crimes many of them would, in the normal way, be released during their working lives. He therefore wanted to encourage a system where the very advanced training and educational facilities available might be freely used by all prisoners.

Implementation of Changes

Mr Prior said that he hoped that as the changes came into effect protesting prisoners would recognise the benefits of conformity with the rules, and the penalties which existed for those who broke them. In order to create a breathing-space and ease the change-over in the prison system, for 28 days no loss of remission would be imposed as a penalty for breaches of prison rules arising out of the refusal to wear clothes.[1]

Hope for Reconciliation

Mr Prior said that he hoped that the end of the hunger strike, together with the measures he had described, would help end the confrontation which had caused so much tragedy and suffering inside and outside the prisons. It should not be forgotten that while ten[2] young men had died tragically in the Maze, many more people had died during the period of the strike as innocent victims of the violence outside. The Government's task was to stop the men causing that violence, and to turn all its energies towards creating a better future for the people of Northern Ireland. In the spirit of reconcilation with which these prison reforms had been put forward he looked for co-operation and support in this wider purpose from all leaders of the community.

[1]When the hunger strike ended there were still nearly 400 prisoners 'on the blanket', that is, refusing to wear prison clothes.

[2]The first hunger striker died on 5 May (see p 131) and the tenth on 20 August. During the course of the strike seven prisoners started to take food again and when it ended six were on strike.

European Community: External Relations

The European Community's approach to current international problems, and the principles on which it is based, were outlined by the Foreign and Commonwealth Secretary, Lord Carrington, at the United Nations General Assembly on 22 September. In another speech, to the Foreign Policy Association in New York the next day, Lord Carrington discussed the development of the Community's political co-operation machinery, the mechanism whereby member states co-ordinated their foreign policies.

Speaking on behalf of the Community, of which Britain holds the Presidency, Lord Carrington told the General Assembly that three fundamental principles underlay the Community's activity in the world. These were its commitment to international reconciliation, its support for partnership and collaboration between neighbours as a way of stimulating social and economic progress, and its belief in the importance of human rights. The Foreign Secretary went on to highlight those world problems where the principle of reconciliation was most required and where the Community felt best able to contribute to the search for a long-lasting settlement.

The Middle East

The Community's approach to the Arab-Israeli dispute, regarded by Lord Carrington as being the most dangerous of the problems, was based on the United Nations Security Council Resolution 242 and was set out in the Venice and Luxembourg declarations (see pp 202-3, 1980, and p 202). The starting point was 'the right to existence and security of all states in the area, including Israel, and the legitimate rights of the Palestinian people, including the right to self-determination'. The Community would do its utmost to promote peace,[1] but a comprehensive settlement could only be negotiated if all parties to the dispute, including the Palestinian Liberation Organisation, which would have to be associated with the talks, accepted these basic principles. A climate of confidence would also have to be created, and, referring to the violence of recent months in the Middle East (see pp 169 and 222), Lord Carrington asked the parties to refrain from words or acts which would hinder its development. In this connection, he repeated the Community's view that Israel's policy of settlements on the West Bank was contrary to international law and was a major obstacle to the peace process.

Lord Carrington then spoke of the Community's sympathy for the human suffering in Lebanon and its belief that the unity, independence, sovereignty, and territorial integrity of that country could only be assured if all concerned upheld the authority of the legal government and avoided actions to undermine it. Here, the effect of the recently established ceasefire, which Lord Carrington hoped would be built upon in the future, and also the work of the Quadripartite Committee of the Arab League and the United Nations Interim Force in Lebanon, were valuable elements.

Afghanistan

If special factors made the Middle East of particular concern to the Community, it was equally concerned with other crises, especially the Soviet invasion of Afghanistan, which, Lord Carrington said, struck at the foundation of international peace and stability and was a grave breach of the United Nations Charter. To relieve the suffering among the Afghan people and restore that peace and stability, the Community had put forward a plan for a two-stage conference (see pp 201-2). Though this had received widespread support elsewhere, the attitude of the Soviet Union had been disappointingly negative. 'If the Soviet Union is sincere in its stated desire to withdraw its troops in the context of a political solution,' Lord Carrington said, 'then the proposal . . . offers a way for negotiations to begin. If however the Soviet Union's only real concern is to obtain the acquiescence of the international community in its occupation of Afghanistan, and increased status and recognition for a regime which is rejected by the Afghan people and world opinion, then the outlook for any negotiation is grim indeed.' However, any effort based on the UN resolutions (see pp 16-18, 1980), in particular those of the Islamic Conference and the UN Secretary-General, that would bring 'foreign intervention' in Afghanistan to an end and allow the country to return to its

[1]Lord Carrington, representing the Community, is to visit Saudi Arabia in the next few weeks to discuss the declaration of principles for a settlement of the Middle East dispute which the Saudi Arabian Government has recently published.

traditional independent and non-aligned status would have the Community's support.

South-East Asia

After commenting on the major part the Community had played in financing relief operations in Cambodia, another occupied country, Lord Carrington reaffirmed its position that a comprehensive political settlement should be based on an independent and neutral Cambodia with a genuinely representative government. Expressing the Community's support for the declaration of the recent International Conference on Cambodia (see pp 223-4), he called on Vietnam to agree to withdraw its forces and join the process of peaceful negotiations set in train by the Conference. 'The Cambodians', Lord Carrington said, 'must be allowed to exercise their right to self-determination without disruption, intimidation or coercion.'

Southern Africa

On the question of the continuing denial to Namibians of the right to self-determination, which lay at the root of the Namibia problem, Lord Carrington spoke of the European Community's disappointment at the outcome of the Pre-implementation Meeting on Namibia in January (see pp 39-40), there having been no justification for South Africa's prevarication which led to its failure. The United Nations plan for a settlement provided 'the only possibility of a peaceful transition to internationally recognised independence for Namibia in accordance with a precise and rapid timetable'. Lord Carrington hoped that the five Western powers [which had originally drawn up the plan] would manage through renewed efforts to get the negotiations resumed on that basis.

Within South Africa itself, Lord Carrington said, there was little cause for optimism, as reforms promised by the South African Government, mostly still not implemented, failed to deal with the fundamental problem of meeting the political, social and economic aspirations of the non-white South Africans. 'Without an early move towards government by consent and the abandonment of the system of apartheid', he warned, ... the trend in South Africa can only be one of accelerating conflict and violence.' He appealed to those in South Africa 'who can still act decisively to face this reality and show the imagination, boldness and leadership that are necessary to reach a political solution'.

Cyprus

In his catalogue of unsolved problems, Lord Carrington saw 'one small chink of light', Cyprus (see pp 223-4, 1979). Under the auspices of the United Nations Secretary-General, inter-communal talks had been established on a regular basis and conducted in a constructive manner. The Community hoped that there would be further progress towards a just and lasting solution to this grave problem.

Arms Control

On the importance of working not only for the resolution of crises but also to lessen the tension that gave rise to them, Lord Carrington highlighted the situation in Europe where, despite 36 years of peace, East-West tension was at its strongest and where the concentration of military forces was at its greatest. Here, he explained, 'there can be no substitute for painstaking negotiations, resulting in agreements which tackle specific problems of arms control in a way which increases confidence and assures the security of all states'. The Community strongly supported negotiations between the United States and the Soviet Union on the mutual limitation of nuclear forces and the forthcoming negotiations on theatre nuclear forces (see pp 139-40 and 293). Since the non-proliferation of nuclear weapons was a vital element for all countries' security, the objective of the talks should be 'to strike the balance at the lowest possible level'.

It was also important to reduce the level of conventional forces, both in Europe and in the rest of the world, and the negotiations in Vienna on mutual and balanced force reductions in Europe were part of this process. The Community supported France's proposal for a conference on disarmament to negotiate confidence-building measures of real military significance, which would be binding, verifiable, and applicable to the whole of Europe, and was seeking agreement on this at the Madrid Review Meeting of the Conference on Security and Co-operation in Europe (CSCE – see pp 351-5, 1980). Such measures, Lord Carrington believed, would make a real contribution to reducing tensions and dangers of armed conflict in Europe and, moreover, could be extended to other regions of the world.

Economic Co-operation

Duty and inclination pointed to the second principle, co-operation, Lord Carrington said, and it was in the interest of the Community, as the world's biggest trader, to seek harmony with its partners. In particular, it considered that co-operation with developing countries, and the intensification of international economic relations, would not only strengthen those countries' economies but also promote world economic recovery. Trade, he continued, was vital to the poorer countries if they were to achieve sustained growth, and the Community, which offered them trading advantages through the Lomé Convention and other arrangements (see pp 202-3), remained firm in its commitment to the maintenance of an open trading system and in its opposition to protection.

Official development assistance was also important and, despite real budgetary difficulties, the Community was committed to the United Nations targets for aid flows to the developing countries in general (0·7 per cent of gross national product) and to the least developed countries (0·15 per cent). Its assistance, some $12,000 million annually, represented nearly 40 per cent of all aid flows, more than half that provided by Western donors, and at least six times that given by Eastern European countries.

After welcoming the progress made at the recent United Nations conferences on new and renewable sources of energy – 'a milestone in the

search for global solutions to energy problems' (see pp 267-73) – and on the least developed countries (see pp 255-60), Lord Carrington reaffirmed the Community's desire that relations between the developed and developing countries should take a new and constructive course. In this connection, the Community was ready, like those countries which attended the Ottawa summit in July (see pp 225-8), 'to participate in a mutually acceptable process of global negotiations'. It also hoped that the Mexico summit meeting on co-operation and development (see pp 220-2) would 'mark an important step forward in mutual understanding and provide a political impetus in the North-South dialogue'.

Human Rights

Since the Community was composed of states committed to democratic principles and the fundamental freedom of the individual, it was concerned with the promotion and protection of all human rights, civil and political as well as economic, social, and cultural. Deploring violations of these rights – especially torture, detention without trial, arbitrary execution, and racial and religious persecution – Lord Carrington said that these were now subjects of proper concern at the United Nations, and the Community would continue to speak out against these violations there and at the Madrid CSCE review meeting. He added: 'Often in the past the United Nations has been unable or has failed for reasons of political expediency to respond to flagrant violations. This undermines the credibility of the United Nations. We must not overlook such violations . . . , no matter where they occur. Rather we should work together to protect the victims and to strengthen the capacity of the United Nations to promote human rights.'

Political Co-operation

Developing the theme of European political co-operation in his speech in New York on 23 September, Lord Carrington pointed to the inseparable link between external economic policy, to the integration of which the Community was committed by the Treaty of Rome, and foreign policy, which was outside the Treaty's scope. Yet the two policies were 'Siamese twins': 'In politics, as in economics, the countries that make up Western Europe are too small . . . to operate successfully on their own. They have to find a unified response to modern problems if they are to control their own destinies . . . . Progress is needed on both fronts if the Community is to realise its potential.'

After highlighting three problems which illustrated the Community's achievement in political co-operation – CSCE, the Middle East, and Afghanistan – Lord Carrington said that he expected such co-operation to develop pragmatically. 'There will be no grand design, no abolition of national foreign policies, no Euro-Foreign Office, no one Foreign Minister to the power of Ten. But [Community foreign ministers] will meet more often, agree more often, act together more often. We shall extend the range of subjects on which we concert. We shall launch more initiatives and more of them will bring results.'[1] (For the British Government's views on strengthening political co-operation, see pp 348-9, 1980.) These developments, Lord Carrington explained, could be of benefit to the United States' and Western interests, since there were areas of the world where Europe was better placed than the United States, as a superpower, to develop a basis of common interest. Another advantage was that involvement in activities directed to the world as a whole could enhance both a sense of responsibility and a sense of involvement in Europe, and thus offset 'the mood of resignation, even fatalism, which some have detected in the old continent'.[2]

East-West Relations

Britain's commitment to a Western security policy based on deterrence and détente, and the important role assigned to arms control within this, were reaffirmed by government ministers in speeches to the Atlantic Treaty Association.

Meeting in London, the Atlantic Treaty Association was addressed by the Lord President of the Council, Mr Francis Pym, on 30 September, and the Lord Privy Seal, Mr Humphrey Atkins, on 2 October. The Association, which is made up of national voluntary associations from each country in membership of the North Atlantic Treaty Organisation (NATO), provides information on NATO and its policies, undertakes research into its activities and promotes co-operation among the peoples of NATO countries.

Soviet Policy

Mr Pym first analysed Soviet policy against the background of an increasingly fragmented world, the most important feature of which was the opportunity it gave the Soviet Union to undermine Western interests on a wider stage than ever before, and in more subtle ways. In addition to its historical concern for safe frontiers, reflected in the creation of buffer zones under its control and attempts to extend its influence still further, and its traditional tendency to believe that military might was a true index of a country's importance, the Soviet Union had an historical and ideological mission derived from its position as the leader of world communism. This, if believed, gave it the right (which non-communist countries did not share) to spread its influence and to intervene in

[1]On 13 October the Council of Foreign Ministers agreed a number of measures for strengthening the political co-operation process, including extending its scope to cover certain political (but not defence) aspects of security and the establishment of a procedure for the early consideration of crises.

[2]The foreign minister of the Federal Republic of Germany, Herr Hans-Dietrich Genscher, has recently been empowered by his government to initiate discussions among Community countries concerning a political declaration in favour of a European union which would strengthen the Community's role, in partnership with the United States, in dealing with international political issues, particularly East-West relations and Third World problems.

situations all over the world. It also believed that history was on its side, and that it had a right and duty to help history along.

Over the last decade, Mr Pym continued, the Soviet Union had devoted over one-eighth of its economic output to defence, compared with less than half that amount by the West, and had developed the world's largest and most modern strategic nuclear missiles (the SS18 and SS19), long-range theatre nuclear missiles of a type unmatched in the West (the SS20) and a superiority in armour and aircraft in the order of two or three to one in central Europe. Perhaps more significantly, in view of present global instability, it had built up one of the most formidable navies ever, thus providing it with the capacity to operate at long range (see also pp 133-6).[1]

There were also, however, constraints upon Soviet action. Despite the comparative freedom of the Soviet leadership to ignore the demands of the domestic economy, the Soviet Union's relative economic weakness was likely to increase Soviet concern to avoid an all-out arms race with the West. Again, the Soviet experience in Afghanistan (see pp 201-2), which had demonstrated that there were limitations to the use of military power, might lead it to refrain from similar adventures elsewhere. It certainly knew that such action with respect to Poland would cause the most serious damage to the fabric of East-West relations and set the clock back on the relationship which had developed between Western and Eastern Europe during the past decade.

However, Mr Pym warned, while these factors might cause the Soviet Union to adopt a more cautious attitude towards extending its influence in areas of secondary importance, the Soviet leadership would find it hard not to interfere in areas which promised quick advantage. Its philosophy required successes, for which it was always on the look-out.

Western Response

Mr Pym recognised that it was not always easy for Western countries, given their numbers, to agree on the precise significance of particular Soviet actions and thus concert and implement flexible, prompt and finely focused responses. This had been in evidence over Afghanistan, though Mr Pym believed that the measures taken then, though imperfect, had succeeded in demonstrating to the Soviet Union that it had seriously miscalculated. Since then, however, Western co-ordination had greatly improved. The European Community was beginning to achieve a noticeable increase in the co-ordination of national policies on most issues (see also p 289), while within the North Atlantic Alliance both the United States and its European partners clearly recognised the importance of transatlantic relations. The West had also adopted a strong and clear attitude on Poland (see p 139), and Mr Pym was confident that its reaction to any outside intervention there would be firmer, quicker and more coherent than it had been after the invasions of Czechoslovakia (in 1968) and Afghanistan.

Détente

In recent years, Mr Pym explained, the West had relied on a combination of deterrence and détente to contain Soviet influence. The latter, it had been believed, comprised many different threads – arms control, trade, human contacts, the free flow of information – and a set of standards (codified in the 1975 Helsinki Final Act – see pp 351-5, 1980) towards which participating states would work. However, while the West had believed that détente called for balance and restraint worldwide, the Soviet Union had seen it as applying to Europe and direct East-West relations only, and had taken advantage of this misunderstanding, and of the public support in the West for détente, to make important gains in the Third World (for example, in Afghanistan and through Cuban activities in Africa).

This did not mean, however, that the Western conception of détente – as an attempt, without illusions, to identify and build on areas of common interest between East and West with the aim of establishing more understanding between them – should be abandoned. A genuine relaxation of tensions would serve everybody's interests. Détente's original goals, however, would only be achieved through co-operation, and this depended on the Soviet Union's accepting that it had to behave with restraint and that détente applied to all areas of international relations.

Outside Europe, Mr Pym pointed out, the West's overriding interest was to maintain regional stability in which access to raw materials was assured, and the world markets and the transport routes which served them were protected. The Soviet Union on the other hand, being much less dependent on trade with other countries, had only a slight stake in the *status quo* of many regions and was, therefore, less concerned about stability. This difference of interest and incentive meant that détente would be hard to achieve in practice. The advantage of it to both sides was none the less real, however, and the West should continue to strive for it.

As for the West's relations with the developing countries themselves, its basic interest in stability required a strategy which made use of the full range of political, economic, commercial and aid assets at its disposal, with each member of the Alliance making its contribution in those areas where it could best help. Mr Pym went on: 'The overall aim should be a total strategy for the 1980s which will contain and limit as far as possible the Soviet ability to exploit the political and economic uncertainties of the Third World. Between us all we have to deter the Russians there as successfully as they have been deterred in Europe.'

Defence

Ultimately, Mr Pym stated, the West had to depend on an effective defence capability. The enormous Soviet investment in military hardware, however, confronted it with a serious problem, namely how to maintain the credibility of deter-

[1]On 29 September, the United States Department of Defence published *Soviet Military Power*, an assessment of Soviet military strength, its planned expansion and the threat this poses to Western strategic interests.

rence at a time of economic recession and enormous increases in the price of weaponry. It had been mainly for this reason that Britain had reviewed its defence programme in 1981. Under present plans, Britain's defence expenditure in 1985-86 would be 21 per cent greater in real terms than in 1978-79. It was unreasonable, Mr Pym continued, to expect that yet more resources could be made available. The challenge, therefore, was to do better with the resources already earmarked, and the changes in the balance of Britain's forces decided upon in the review (for these, see pp 195-7) were designed to achieve this.

Beyond Europe, military resources could be deployed in a variety of ways – military assistance to other countries to build up their own self-defence capability; peacetime deployments to register the West's presence and capability to reassure its friends; and the development of a capability for intervening in an emergency which could only be met by military means. The last would largely be the responsibility of the United States, though Britain believed that others should also help to bolster the ability of regional states to maintain their independence. The British contribution was bound to be modest, but Britain believed that it should be able to operate effectively outside the NATO area without diminishing its central commitment to the Alliance.

Arms Control

Turning to arms control, Mr Pym commented that the lack of progress in multilateral arms control had led to demands for more radical measures, and in particular for unilateral nuclear disarmament. He had no hesitation in saying, however, that the adoption of this by Britain would not induce any other nuclear power to follow its example. It would on the contrary reduce the incentive for the Soviet Union to limit its nuclear weaponry, and that incentive was small enough already. The only outcome would be to convince the Soviet Union that, given sufficient intransigence on its part, the West would disarm itself.

The multilateral approach was the only realistic one, though Mr Pym was not optimistic about the prospects for success in the short term, because of the preponderance of Soviet might at almost every level. The United States regarded the re-establishment of its military strength as its first priority.[1] The Soviet Union on the other hand had little interest in negotiating away its present advantage. In these circumstances, Mr Pym emphasised there was an urgent need for better public understanding of the threat which confronted the West, of the paradox that possessing a nuclear deterrent was the best guarantee that nuclear weapons would never be used and of the role that arms control could and could not play in increasing security.

In his speech, Mr Atkins emphasised the need for the West to make absolutely clear its commitment to the search for specific arms control agreements. To fail to do this would allow the Soviet Union, through its exploitation of Western freedom to spread disinformation and propaganda, to pose as the champion of arms control. Given the occupation of Afghanistan and the relentless Soviet military build-up, the Soviet leadership had every reason to attempt to divert attention from its actions by promoting the misconception that the West was evading arms control. The opening of the theatre nuclear force talks on 30 November,[1] however, would provide an opportunity to discover whether its practical proposals matched its rhetoric. Mr Atkins also stressed that, in not making its commitment clear, the West would risk damaging the heart of its own defence effort – the will of its people to carry the burden which their defence required.

Britain's Approach

Britain's record in arms control spoke for itself, Mr Atkins stated. It had initiated the biological weapons convention of 1972, the only genuine disarmament measure since the second world war; played a prominent part in negotiating the partial test ban treaty and the non-proliferation treaty; and supported the efforts of the United States and Soviet Union to reach agreements on the limitation of strategic arms, and looked forward to seeing the process continue. Britain had also engaged with these powers in talks on the cessation of nuclear weapon tests and with representatives of NATO and Warsaw Pact countries in the talks in Vienna on reducing conventional forces; while, at the Madrid review meeting of the Conference on Security and Co-operation in Europe, it had been working for agreement on the framework for a conference on confidence- and security-building measures in Europe. With other members of the Alliance, it strongly supported the opening of negotiations on the limitation of theatre nuclear forces.

In Britain's view the best way to control and then lower the level of weapons while preserving peace and the security of all sides was the multilateral negotiation of balanced, verifiable and binding measures of arms limitation. Success in this, however, depended on concentrating efforts on those areas in which mutually beneficial limitations could be worked out and sealed, and not on the formulation of grand-sounding declarations for propaganda purposes. For its part, Britain did not approach arms control as a means of sowing discord among its opponents or building up a favourable image for itself.

Arms control, Mr Atkins continued, was an integral part of Britain's security policy, agree-

[1]On 2 October the United States announced a modernisation programme for its strategic forces. Its aims are to double by 1990 the number of strategic weapons which could survive a Soviet nuclear attack and to strengthen deterrence by denying the Soviet Union any realistic prospect of gaining an advantage by initiating a strategic nuclear exchange. The programme provides, *inter alia*, for the production of 100-B1 bombers, further research and development of the advance technology (stealth) bomber, an eventual 3,000 air-launched cruise missiles, continued construction of Trident submarines and the deployment, by a method still to be decided, of 100 MX missiles. The United States Government hopes that the programme will also increase Soviet incentives to negotiate genuine arms reduction measures.

[1]The United States Secretary of State, General Alexander Haig, and the Soviet Foreign Minister, Mr Andrei Gromyko, agreed to this in talks in New York on 23 September. The talks will take place in Geneva.

ments being sought because they could make the world a safer place to live in. They were not, however, a substitute for an adequate defence effort and they would not take away the need for a credible strategy of deterrence. Proposals for arms control would, first and foremost, be examined, from the perspective of the national and Alliance security interest, as to whether, for example, the reduction of a certain class of armaments would increase security by making the outbreak of conflict less likely. If this were so, then negotiations would continue, with the results being checked continuously against security requirements. Only in this way could agreements which preserved the security of both sides be achieved, and, once achieved, command the necessary parliamentary and public support. This approach took into account the important fact that, despite their differences, both the West and the Soviet Union had a common interest in limiting the level of armaments. No sane person on either side wanted ever-escalating numbers of increasingly sophisticated and costly weapons.

Other Arguments

Turning to other possible arguments for arms control, Mr Atkins first discussed the idea that arms limitation had an intrinsic value – that it was a 'good thing' in itself and thus automatically worthy of pursuit. There was public pressure along these lines in the West, particularly in Europe, and this was understandable and, up to a point, legitimate. Public opinion would only tolerate the accumulation of weaponry if manifest efforts to control armaments were made by Western governments whenever possible. But it often reflected an exaggerated expectation of what arms control could achieve. No such pressure was evident in the Soviet Union. To bow to this pressure in the absence of any prospect of achieving a negotiated agreement would be a dangerous basis on which to start.

A second argument went a stage further and said that arms control negotiations necessarily improved East-West relations just because they were taking place, and that this was a strong motive for initiating them. Britain, Mr Atkins said, placed limited value on this argument which attached to the arms control process a significance which went well beyond, and therefore could distort, the objective of enhancing Britain's security at the lowest necessary level of balanced forces. Successful arms control negotiations could contribute to the improvement of East-West relations, but these hinged on the state of a wide range of fundamentally important mutual interests in which the state of negotiations on a specific issue of common concern was unlikely to be a determining factor.

Nor did Britain attach prime importance to arms control negotiations in terms of their political value in affecting the other party's behaviour, being far from convinced that this could be critically influenced by withholding or offering negotiations or by modifying negotiating positions. This approach was also likely to obscure the principal objective of enhancing security. If security was at issue, there was very little room for either rewarding good behaviour or chiding bad. However, Mr Atkins added, extreme action by the other party might make it unacceptable to continue the negotiations.

Finally, Mr Atkins continued, Britain recognised the desire of many sections of Western public opinion for talks on arms control and shared the desire for progress in such talks, but those in the West who sought to alter the policies of East and West alike by popular movements were deluding themselves. Everybody knew what happened to dissenters in the Soviet Union. It was idle to believe that the Soviet Government could be brought to change its position as a result of pressure from popular movements in the Soviet Union for the simple reason that they did not at present exist and had little chance of being established in the immediate future.

Theatre Nuclear Forces

The relationship between arms control and the policy of deterrence, Mr Atkins explained, was well illustrated by NATO's 1979 decision combining the modernisation of its long-range theatre nuclear forces with an offer to enter negotiations to limit their numbers. At present, the Soviet Union had a superiority of about 4 to 1 in these forces, and Soviet claims that there was parity and that the modernisation programme, which would not begin until 1983, was designed to give NATO superiority in this respect were bogus. The facts were that NATO's long-range theatre nuclear forces consisted of 226 United States F-III and British Vulcan bombers. The Soviet Union's equivalent forces comprised some 390 bombers, about 350 SS4 and SS5 missiles and approximately 250 SS20 ballistic missiles, about 180 of which were aimed at Europe. These long-range nuclear missiles and bombers facing NATO and Europe numbered over 900, and carried about 1,750 warheads and bombs. Any objective comparison between systems of similar operational capability revealed a wide and growing disparity in favour of the Soviet Union. It was important, Mr Atkins emphasised, that public opinion in the West realised these facts, and it was up to governments to make them widely known.

The Soviet Union's initial response to the NATO proposal for theatre nuclear force limitation talks was to refuse to participate in them until the West agreed to suspend its modernisation programme and, thereby, to accept formally a dangerous imbalance in the Soviet Union's favour. However, so long as such an imbalance continued, the Soviet Union had no incentive to negotiate seriously. NATO's determination to avoid preconditions made the Soviet leadership realise that it would gain nothing by maintaining its position and it eventually agreed to talks. The West, Mr Atkins continued, was firmly committed to genuine negotiations, its security interest in seeking negotiated reductions in long-range theatre nuclear forces being self-evident. The United States would persevere with workable proposals in the face of a Soviet propaganda campaign whose objective was to undermine support in the West for NATO's 1979 decision in order to preserve Soviet superiority.

Commonwealth Meetings

Commonwealth Heads of Government met in Melbourne, Australia, from 30 September to 7 October. Among the topics discussed were world and Commonwealth political developments, disarmament, trade, the world economy and the problems facing developing countries. Britain was represented by the Prime Minister, Mrs Margaret Thatcher, who spoke at the opening ceremony on 30 September in response to the address of welcome made by the Australian Prime Minister, Mr Malcolm Fraser.

At the annual meeting of Commonwealth finance ministers, held in the Bahamas earlier in September, the subjects discussed included the world economic situation, development finance, the North-South dialogue, and Commonwealth co-operation.

PRIME MINISTER'S MELBOURNE SPEECH

Mrs Thatcher began by welcoming the representatives of Zimbabwe, Vanuatu and Belize, who were attending the Meeting for the first time, and the membership of St Vincent and the Grenadines [one of three special members which do not attend Heads of Government Meetings]. Noting that the Meeting was taking place in the fiftieth anniversary year of the Statute of Westminster, which was regarded as 'the starting point in the development of a Commonwealth of independent nations', Mrs Thatcher said that Australia, one of the founder members, had given a lead in Commonwealth thinking, particularly in the development of Commonwealth regional conferences.

Recalling that the Commonwealth had to be more than a meeting place or an agency for technical co-operation, Mrs Thatcher emphasised that it had to proclaim and practise 'the ideals of democracy, personal liberty and equality before the law'. The independence of Zimbabwe (see p 155, 1980) had shown the world that the Commonwealth could apply these principles, overcome difficult problems, and give a fresh impetus to democracy, and she wished the Zimbabwe Prime Minister, Mr Robert Mugabe, and all the people of his country, well. It was important for Heads of Government to show the same broad spirit of co-operation and understanding of others' problems that had led to the success of the Lusaka Meeting of 1979 (see pp 216-22, 1979).

Turning to the world economy Mrs Thatcher said that its prospects continued to cause deep concern, especially for some developing countries. She hoped that the Meeting would provide an opportunity for a thorough discussion of these problems and pave the way for fruitful exchanges at forthcoming meetings such as the limited summit of North-South leaders at Cancun, Mexico, in October (see p 220). Noting that there was not at present enough wealth to go round, Mrs Thatcher said that the solution lay not in its redistribution but in the creation of new wealth and this meant taking a 'practical and constructive approach to these matters'.

On current political problems such as Afghanistan, the Middle East, southern Africa and Cambodia (see also pp 289-91), Mrs Thatcher observed: 'We pride ourselves that our purpose is not peace at the expense of freedom, but peace with freedom. This conference is about the use we make of that freedom, for we know that the victories of peace are as challenging as the victories of war and that they endure longer.' She hoped that member states would emerge from the Meeting strengthened and confident in the future of the Commonwealth.

HEADS OF GOVERNMENT COMMUNIQUÉ

In their communiqué issued at the conclusion of the Meeting on 7 October, Heads of Government warmly welcomed their colleagues from Zimbabwe, Vanuatu and Belize, which had become Commonwealth members since the 1979 Lusaka Meeting, and extended similar greetings to St Vincent and the Grenadines, which had become a special member. They recalled with satisfaction the role of the Commonwealth in helping to bring Zimbabwe to independence.

World and Commonwealth Trends

Heads of Government expressed 'grave disquiet at the marked deterioration that had taken place in international relations since their last meeting'. Central to their concern 'were the slide from détente to confrontation, mounting tension between the superpowers and the build-up of nuclear arms threatening the very survival of mankind'. They contrasted 'the increasingly large resources devoted to the manufacture of ever more destructive weapons with the growing inadequacy of the resources available for international economic co-operation and continued inability of the international community to agree on ways and means of alleviating world poverty'. Expressing concern that there had been a weakening of the spirit of internationalism, they 'believed their association could help to reverse this trend and contribute to a safer and saner world'.

The participants 'asserted the right of all peoples freely to determine their destiny and noted with concern that this right was being denied in widely different circumstances in many parts of the world'. There was an obligation 'to work for conditions more conducive to respect for sovereignty, independence, territorial integrity and the right to self-determination'.

The Commonwealth, as an association of aligned and non-aligned states, was 'uniquely well placed to make a substantial contribution to defusing international tensions in a divided world'. It was 'in the highest interest of the international community that the non-aligned countries should be able to continue to play their constructive role and pursue the policies and principles of non-alignment free of outside pressures'.

Southern Africa

Commenting that the Lancaster House Conference on the independence of Zimbabwe and the preceding negotiations had demonstrated the ability of member states to work together and make

a positive contribution to the resolution of major problems, Heads of Government 'paid tribute to the central role of Britain in facilitating the process which enabled Zimbabwe to take its place as a sovereign independent country in the international community and the Commonwealth'. The Government of Zimbabwe had 'earned the respect of the world community' and had 'fully justified the trust placed in it by the Commonwealth'.

Deep concern was expressed that grave problems remained to be resolved in southern Africa. Heads of Government recognised the urgent need to find solutions and renewed their 'total commitment to this objective'. The communiqué went on: 'Heads of Government stressed that at the core of these problems is the apartheid system which the white minority regime in South Africa continues to sustain and strengthen in a variety of ways, including the brutal internal repression of the African majority, the persistent refusal to implement the relevant Security Council resolutions providing for Namibia's long-delayed independence, the pursuit of policies of destabilisation against neighbouring states, the repeated threats to, and violations of, their territorial integrity and the expansion of South Africa's military capability.' These developments 'not only threatened the stability of the region but also gravely endangered international peace and security'. Participants therefore called on the international community 'to strengthen its collective resolve to eradicate apartheid'; reaffirmed 'their total and unequivocal condemnation of apartheid as a crime against humanity and their total rejection of all policies designed to perpetuate this inhuman system'; and accepted that 'it was the solemn and urgent duty of each of their governments vigorously to combat the evils of apartheid by the adoption of effective measures against it and to assist those struggling to rid themselves of it'.

On sporting contacts with South Africa, Heads of Government reaffirmed their Gleneagles agreement of 1977 and 'reiterated their commitment to fulfilling effectively their obligations under it' (see pp 204-5). They also took special account of United Nations efforts to reach universally accepted approaches to the question of sporting contacts within the framework of the international campaign against apartheid.

Concern was expressed about the lack of progress on independence for Namibia (see pp 261-2), Heads of Government reaffirming 'their determination to ensure that the people of Namibia should be allowed without further delay to exercise their right to self-determination and independence'. They also urged the five Western powers to intensify efforts to secure the implementation of Security Council Resolution 435. In this connection they registered grave disappointment at the failure of the Pre-implementation Meeting in Geneva in January 1981.

Noting that South Africa's expenditure on military expansion and nuclear development had increased, Heads of Government called for a full and effective implementation of the arms embargo (see pp 415-17, 1977, and p 142) and urged all governments to desist from any collaboration with South Africa which undermined its implementation.

Participants in the Meeting condemned South Africa's 'repeated threats to and violations of the territorial integrity of the states of southern Africa, in particular its recent invasion and occupation of Angolan territory' (see pp 261-2). They called for 'an immediate withdrawal of all South African troops from Angola and an end to all such violations' and condemned any attempt from any quarter 'to subvert the legitimate government of Angola through interference in the internal affairs of the country'. In addition, they expressed the view that 'African states should be free to pursue their own affairs without interference from any source'.

Endorsing the report of the Commonwealth Committee on Southern Africa, Heads of Government authorised it to continue its work and to pay particular attention to developments in Namibia: 'They noted with approval the important role played by the Commonwealth, both bilaterally and multilaterally, in enhancing the supply of trained manpower for both Zimbabwe and Namibia, and commended the Secretariat for its efficient administration of Commonwealth humanitarian assistance programmes in this regard.'

Heads of Government noted that the increasing number of young refugees from South Africa in neighbouring countries was imposing severe burdens on these countries. They therefore approved in principle the recommendations of the Committee for the establishment of a Commonwealth education and training programme for the benefit of these refugees, and the Commonwealth Secretary-General was requested to prepare proposals for this. Heads of Government also welcomed a recent United Nations conference on refugees in Africa and urged the participating countries to fulfil pledges made there to help alleviate the problem.

Noting that the persistent problems of southern Africa were damaging the development efforts of states in the region, they welcomed 'the establishment of and the progress made by the Southern African Development Co-ordination Conference aimed particularly at strengthening co-operation among the majority-ruled states in the region and reducing their economic dependence on South Africa'. They also drew attention to the need for even greater international assistance to meet the needs of these countries.

Afghanistan

Gravely concerned at the situation in and around Afghanistan, and its implications for regional and international security, Heads of Government 'were united in calling urgently for a political settlement on the basis of the withdrawal of foreign troops and full respect for the independence, sovereignty, and non-aligned status of Afghanistan and strict observance of the principles of non-intervention and non-interference'. They affirmed 'the right of Afghan refugees to return to their homes in safety and honour' and urged all concerned 'to work towards a negotiated settlement which would leave the Afghan people free to determine their own future'.

South-East Asia

With regard to the armed conflict in Cambodia (see pp 223-4), Heads of Government agreed on the urgent need for a comprehensive political settlement which would ensure the sovereignty, independence and territorial integrity of all states in the region; reaffirmed the right of all people in the area 'to determine their future free of outside interference, subversion or coercion'; and called for the speedy withdrawal of all foreign forces from Cambodia. In addition, they noted with approval efforts being made to establish a zone of peace, freedom and neutrality in the region, and called on all states to support fully these efforts.

On the refugee problem in Indo-China (see pp 224-8, 1979), Heads of Government expressed appreciation to those countries accepting refugees and illegal immigrants. The root cause of the problem could be eliminated 'through a political solution to the conflict in Indo-China'. The countries having the primary responsibility were therefore urged 'to tackle the problem of illegal departures at source by fostering the establishment of circumstances in which all the people concerned [could] live in peace and harmony' and by co-operating with the United Nations and resettlement countries in the implementation of the programme of orderly departures.

Cyprus

Heads of Government reiterated their support for 'the independence, sovereignty, territorial integrity, unity and non-alignment of the Republic of Cyprus and their solidarity with its Government and people'. Stressing the importance of human rights and fundamental freedoms for all Cypriots, they called for an end to all foreign intervention and interference. The resumption of intercommunal talks under the auspices of the United Nations was welcomed, but concern was expressed that these had not yet produced a solution; Heads of Government therefore 'stressed the need to achieve early progress towards a just and lasting solution, based on the implementation of the relevant United Nations resolutions'. They also noted that the President of Cyprus had once again drawn their attention to his proposal for the 'total demilitarisation and disarmament' of his country.

Latin America and the Caribbean

Reviewing recent developments in Latin America and the Caribbean, Heads of Government upheld 'the sovereign right of each state to continue to pursue its own political, economic and social development free from all forms of external interference, coercion, intimidation or pressure'. Most Heads of Government also called upon the international community 'to respect and support the wishes of the people of the Caribbean for the Caribbean area to be recognised as a zone of peace'.

On Belize, Heads of Government expressed 'satisfaction with the role played by the British Government and welcomed its commitment to make adequate provision for the security of Belize' (see p 215). Noting the continuing threat to the security of Belize in the absence of a final settlement with Guatemala, they 'reaffirmed their full support for the efforts of the Government of Belize to maintain Belize's territorial integrity and to achieve a final resolution of the outstanding issues on the basis of the heads of agreement signed in London on 11 March 1981', and requested the Secretary-General to convene the Commonwealth's ministerial committee on Belize to assist the Belize Government in this. The helpful attitude of the United States Government was noted, confidence being expressed that this would be maintained.

Heads of Government expressed deep concern at the threat to the territorial integrity of Guyana arising from the resuscitation by Venezuela of a claim to more than two-thirds of its territory. Noting that the existing boundary was laid down by an international arbitral award in 1899 and accepted by all concerned as a final settlement, they 'expressed support for Guyana and called for the peaceful settlement of the controversy in accordance with established procedures and with full respect for the sanctity of treaties'.

Middle East

Emphasising that the unresolved problems of the Middle East, especially the central question of Palestine, remained a serious threat to peace in the region and throughout the world, Heads of Government recognised that the basis of a just and lasting settlement had to be the relevant United Nations resolutions and 'recognition of the rights of the Palestinian people, including their inalienable right to a homeland, as well as the right of all states in the region to live in peace within secure borders'. Stressing the right of the Palestinian people to self-determination, most Heads of Government affirmed that 'the Palestinian Liberation Organisation, recognised by a substantial majority of them as the legitimate representative of the Palestinian people, must be involved in negotiations for a settlement'.

Other Regional Issues

Heads of Government also called for increased co-operation for the creation of the Indian Ocean as a zone of peace, welcomed recent steps towards increasing regional co-operation in south Asia, and agreed that 'all people of the South Pacific should be given the opportunity to exercise their right to self-determination'. They also expressed support for an immediate end to nuclear testing in the South Pacific and noted the opposition there to the proposals for dumping and storing nuclear waste in the Pacific Ocean. In Europe they agreed that 'the people of Poland should be left to determine their own destiny free from foreign interference'.

Disarmament and Arms Control

Heads of Government expressed concern at the lack of progress in implementing measures of disarmament and arms control contained in the final document of the United Nations Special Session on Disarmament held in 1978. Practical measures directed towards nuclear disarmament and the avoidance of all armed conflict had to

have 'the highest priority on the international agenda'. They therefore welcomed the decision of the United States and the Soviet Union to re-open theatre nuclear force negotiations (see p 293) and urged 'the re-opening of talks on strategic arms limitation at the earliest possible date'. They also considered that the United Nations' second special session on disarmament scheduled for 1982 'would provide a significant impetus for . . . genuine disarmament, particularly in the nuclear field', and expressed determination to contribute effectively to its success.

In addition, Heads of Government 'emphasised the importance of an early conclusion of a comprehensive nuclear test ban treaty as a crucial first step towards the cessation of nuclear weapons tests by all states'.

Law of the Sea

Heads of Government emphasised that a comprehensive and widely accepted convention on the law of the sea 'would enhance the prospects for peace and security in the world'. It would, *inter alia*, define the rights of coastal states and other users of the sea; assist the rational exploitation and management of ocean resources; give practical effect to the principle that the resources of the sea-bed beyond national jurisdiction were the common heritage of mankind; and permit all states to participate in the exploitation of these resources. They therefore expressed the hope that the Third United Nations Conference on the Law of the Sea (see p 40) would complete its work in 1982.

The World Economy

Reviewing developments in the world economy, Heads of Government recognised the persistence of recession, stubbornly high inflation, rising unemployment and under-employment. Prospects for developing countries were particularly grim since they were experiencing 'serious balance of payments and debt service problems, further erosion of their terms of trade, acute poverty, hunger and malnutrition'. Domestic policies to counter these problems 'needed to be supplemented by collective action and a global approach'. The growing interdependence of the world economy 'rendered it imperative that urgent action be taken to deal with the economic problems of both developed and developing countries, with special attention being paid to the needs of the least developed countries . . . engaged in a desperate struggle for survival'. The persistence of widespread poverty, participants continued, underlined 'the importance of promoting rapid economic growth and development and of pursuing necessary structural and institutional changes in international economic relations, in order to create a more equitable economic order'. In this connection they hoped that the summit in Mexico 'would make a bold start by putting international economic co-operation on a new and constructive course, and that it would unequivocally reaffirm the commitment to global negotiations' (see pp 292-3, 1980). Heads of Government recognised the need for immediate and effective action on trade, energy, food, money and finance, and requested the Secretary-General to convene a high-level group to study and report on obstacles in the negotiating process itself.

Financial Issues

Attaching high priority to the resolution of current financial and monetary problems, Heads of Government said that this required 'greater co-ordination and co-operation on economic policy'. They called on all governments 'to show greater concern for the repercussions of their policies on other countries and . . . to give urgent consideration to measures to bring stability to the financial and exchange markets and reduce upward pressure on interest rates'.

Emphasis was placed on 'the need to increase official development assistance, particularly to the least developed and other disadvantaged countries', and all industrialised countries which had not already done so were called upon to reach the internationally agreed targets as soon as possible. The developed centrally planned countries were also urged to increase substantially their development assistance. Heads of Government also urged donors to give aid as far as possible in untied forms.

Heads of Government noted 'the decision at the recent UN conference on least developed countries in Paris to make additional resources available to these countries' (see pp 255-60). Prospects for flows of concessional assistance had been adversely affected by delay and uncertainty regarding the Sixth Replenishment of the International Development Association. They expressed the firm hope that the funding of the Seventh Replenishment would be placed on a sounder footing and 'attached importance to programme lending, including support for structural readjustment, and agreed that there was a case for a significant increase in such lending'.

Recognising the substantial contribution of multilateral institutions to economic development and the major role they should play in expanding the flow of resources to developing countries, Heads of Government agreed 'to make special efforts to ensure that progress in strengthening the resources of these institutions would not falter' and stressed the need for them to avoid political and ideological considerations in determining their operational policies.

Private non-concessional flows, including direct investment, also had a role to play in facilitating development, and Heads of Government stressed the continuing need for adequate financial mechanisms for the recycling of surplus funds. Noting that the commercial banking system had performed well in recycling funds, but 'might not be able to do so in future at levels and on conditions that would not impose intolerable debt service burdens', they agreed that international financial institutions should play an expanding role in the recycling process. In particular, they drew attention to the proposal of the Commonwealth group of experts for the establishment of appropriate guarantee facilities which would enable surplus funds to be channelled to developing countries on appropriate terms, including longer maturities. In addition, observing that the present financial dif-

ficulties of developing countries required innovative approaches, they called for 'consideration to be given to increased use of mechanisms such as export credit insurance and the exchange of commodities on a barter basis'.

Trade

Anxiety was expressed about the trend towards increased protectionism and, aware of the importance of the expansion of world trade to economic recovery and growth, Heads of Government agreed that further efforts should be made to reduce tariff and non-tariff barriers to trade and to achieve 'international agreement on effective rules covering resort to emergency safeguards'. Little progress had been made in eliminating quantitative restrictions against certain categories of manufactured exports of particular importance to developing countries, and the process of reducing barriers to trade in agricultural products had scarcely begun. Heads of Government therefore welcomed the proposal for a ministerial meeting of the General Agreement on Tariffs and Trade and urged that this should be convened in 1982 to discuss trade problems faced by all countries. The Secretary-General was requested to commission a group of independent high-level Commonwealth experts to investigate the effects of protection on developing countries, including the impact of tariff and non-tariff barriers.

Commodities

Noting that unstable prices and declining terms of trade were having an adverse effect on commodity-exporting developing countries, Heads of Government, welcoming the agreement to establish the Common Fund (see pp 240-1, 1980), urged all governments that had not done so to sign and ratify it as early as possible and to contribute to its Second Account. They also emphasised the need for increased efforts to establish international commodity agreements. The Commonwealth Secretariat was asked 'to give priority to identifying ways and means to expand processing in developing countries and to measures to maintain and improve commodity export earnings, and also to study the need for . . . a global scheme for the stabilisation of commodity export earnings'.

Energy

On energy, Heads of Government reaffirmed the need for short-, medium- and long-term measures to be taken within the framework of wider international economic co-operation. These needed to ensure adequate returns to oil exporters and secure supplies to customers: 'Oil prices should be set in such a way as to avoid sudden major increases, and at levels which would encourage production and conservation. Within this framework, immediate consideration should be given to devising special arrangements to meet the energy needs of low-income countries facing difficult balance of payments problems.' Heads of Government therefore welcomed the concessional arrangements for the purchase of oil introduced by several oil-exporting countries, including Nigeria, and Trinidad and Tobago, for designated groups of developing countries.

Emphasis was also placed on 'the urgent need to devote sufficient resources for the development of conventional and new and renewable energy sources'. Recognising that some progress had been made at the United Nations conference in Nairobi (see pp 267-73) and that some Governments had offered to provide increased assistance for energy development, Heads of Government observed that there was 'no agreement on an appropriate multilateral financing mechanism'. They therefore called for 'substantial additional multilateral provision of resources supported by both the industrialised and oil-exporting developing countries for the development of conventional and non-conventional energy sources', and gave support to the proposal for the establishment of an energy affiliate within the World Bank. Heads of Government believed that the Commonwealth could play an expanded role in providing technical assistance for the development of conventional and non-conventional energy in member countries and asked the Secretary-General to examine the possibility of strengthening Commonwealth efforts in this field. They also noted with interest the work being done by the Commonwealth Regional Renewable Energy Resources Information System (established as a result of the 1980 New Delhi Commonwealth Heads of Government Regional Meeting).

Food

Disturbed by the continuing precarious state of world food security and persistent food shortages in many developing countries, Heads of Government agreed to make greater efforts to secure the early establishment of an international grains arrangement which, while safeguarding the interests of both exporting and importing countries, would reach agreed food aid targets and provide adequate food reserves, including emergency reserves. They also emphasised the importance of replenishing the resources of the International Fund for Agricultural Development and the World Food Programme.

The ultimate solution lay 'in greater food self-sufficiency in developing countries', Heads of Government recognised, and they stressed the importance of measures 'to provide essential agricultural inputs on reasonable terms' and 'of appropriate domestic policies and strategies including the pricing and marketing of agricultural products'.

Turning to Commonwealth action, Heads of Government endorsed the recommendations of the 1981 Dacca ministerial meeting on food production and rural development. The Commonwealth needed to mobilise its resources and experience to assist its developing members and there was need for an enlarged Commonwealth role in agricultural project identification and preparation, the management of fisheries resources, the preparation of food strategies, improvement in food storage, reductions in post-harvest losses, and ensuring the increased participation of women in food production. The Secretary-General was requested to give priority to work in these areas in technical assistance programmes, and offers of financial and institutional assistance from Com-

monwealth governments were welcomed, particularly Australia's decision to establish a centre for international agricultural research, and Canada's decisions to create an international centre for ocean development and a training programme for agricultural extension workers designed to reflect the important role of women in agricultural production.

Other Matters

Among other matters, Heads of Government reiterated their support for regional co-operation between members, noting that this now covered such areas as trade, energy, industry, anti-terrorism and the fight against traffic in illicit drugs, and they agreed to strengthen Commonwealth assistance for small island and other disadvantaged member countries. They reaffirmed that the Commonwealth Fund for Technical Co-operation should be assured of the resources required to exploit the many advantages of functional co-operation, and agreed that the level of its activities should be restored by 1983-84 to the level attained in 1978-79. They also agreed to endeavour to maintain the real value of their contributions to the Commonwealth Youth Programme and the level of those to the Commonwealth Foundation.

Recognising the importance of student mobility and educational interchange within the Commonwealth, Heads of Government urged that early and sympathetic consideration should be given to the recent recommendations of a consultative group on this matter. [These proposed among other things that member governments should consider fee exemption or fee support schemes for certain categories of student and the expansion of the Commonwealth Scholarship and Fellowship Plan.]

The importance attached by all Commonwealth governments to the observance of human rights was reaffirmed, and governments which had not yet done so were urged to accede to relevant global and regional instruments on human rights. Heads of Government endorsed in principle the recommendation of a Commonwealth Working Party on Human Rights concerning 'the establishment of a special unit in the Secretariat for the promotion of human rights within the Commonwealth' subject to agreement on methods of finance. The Secretary-General was requested 'to consult further with member governments on an agreed definition of human rights within the Commonwealth context as well as of the unit's functions', and the next meeting of Commonwealth law ministers was asked to consider the working party's proposal for an advisory committee for the protection and maintenance of human rights.

THE MELBOURNE DECLARATION

In a separate declaration on the problems of world poverty, Heads of Government asserted that the gross inequality of wealth and opportunity in the world and the poverty of millions in developing countries were 'fundamental sources of tension and instability'. Accordingly they emphasised the need for 'determined and dedicated action at national and international levels to reduce that inequality' and to 'revitalise the dialogue between developed and developing countries'. This dialogue had to be conducted 'with a genuine willingness to accept real and significant changes commensurate with the urgency of the problems'. Firmly believing that the choice was not between change and no change but 'between timely, adequate, managed change and disruptive, involuntary change imposed by breakdown and conflict', the signatories said that success could only be achieved if states recognised and gave due weight to 'the essential inter-dependence of peoples and of states'.

Heads of Governments declared that, while the most urgent humanitarian considerations demanded action, self-interest itself warranted 'a constructive and positive approach to these great human problems by all governments'. In the process of negotiations, nations had 'to cast aside inhibitions and habits which [had] thwarted progress in the past and find new ways of talking constructively to one another so as to reach agreement on effective joint action'. It was also imperative that states should bear in mind 'the larger moral, political and strategic dimensions of what is at stake'. The issues were so important – in terms of how hundreds of millions of people would live or die and of the prospects for economic advance or stagnation – that they required 'the personal commitment and involvement of political leaders who, representing the will of their people, have the greatest power to advance the common cause of mankind'.

Finally, the signatories declared their common resolve 'to end the present impasse, to advance the dialogue between developed and developing countries, [and] to infuse an increased sense of urgency and direction into the resolution of these common problems of mankind'. They therefore called on all leaders of all countries to join them in a commitment to taking prompt, practical and effective action.

FINANCE MINISTERS' MEETING

The meeting of Commonwealth finance ministers, at which Britain was represented by the Chancellor of the Exchequer, Sir Geoffrey Howe, was held from 22 to 23 September.

World Economic Situation

In their communiqué ministers noted that inflation continued to be a serious problem, that recovery was slow and that unemployment was expected to continue rising. In addition, high interest rates and the volatility of exchange rates were further complicating problems of economic management and were retarding economic activity in many developed and developing countries. Against the background of growing interdependence in the world economy, ministers recognised that the balance of payments problems of many oil-importing developing countries were critical, that prospects of economic growth were grim, and that 'the difficult economic situation in industrialised

countries was further aggravating the problems of developing countries, particularly the low-income countries where hundreds of millions faced absolute poverty'.

Underlining both the urgent need to restore sustainable world economic growth and the importance of continuing efforts to curb inflation, ministers called upon all governments, particularly those of the major economic powers, to show greater concern for the repercussions of their national policies on other countries, especially those arising from high interest rates. Ministers agreed that the increasing prices of oil and manufactured goods adversely affected the economies of most developing countries, and that, in addition to the pursuit of sound national economic policies in the non-oil developing countries, further international efforts were required to alleviate their acute balance of payments problems. Such efforts were needed 'not only to assist development but also to restore world prosperity and stability', and measures to maintain and improve the export earnings of developing countries had to be 'complemented by improvements in the volume and terms of aid to these countries'. Adequate financial mechanisms were also required 'to facilitate the recycling of surplus funds, particularly to non-oil developing countries for their medium- and long-term structural adjustment'. Ministers emphasised, too, the role of private flows and the need to encourage them, and called for the urgent alleviation of the increased debt servicing problems being experienced by non-oil developing countries.

Ministers stressed 'the importance of reversing the present trend towards protectionism and agreed on the need for positive action to promote freer world trade, with particular emphasis on providing a substantial improvement in the conditions of access for products of export interest to developing countries'. They welcomed the proposal that the contracting parties of the General Agreement on Tariffs and Trade should convene a meeting at ministerial level in 1982 to consider new multilateral initiatives concerning trade.

Development Finance

Ministers appreciated the increased aid efforts of some Commonwealth and other countries but expressed 'serious disappointment that prospects for substantial increases in overall aid flows remained poor'. Developed Commonwealth countries reaffirmed their commitment to attain as soon as possible the United Nations target of 0·7 per cent of their gross national product for aid flows. Calling for increased aid to developing countries, ministers welcomed the decision of a recent United Nations conference (see p 255) to make additional resources available to the least developed countries. Ministers also emphasised the substantial role of multilateral institutions in the expansion of resource flows and urged all member states to make efforts to ensure that progress in strengthening the resources of these institutions did not falter. They stressed the need 'to avoid political and ideological considerations in determining the operational policies of these institutions'.

World Bank Group

Following the coming into effect of a $40,000 million general increase in the capital of the World Bank, ministers urged early action to raise the Bank's lending capacity. They also called for early progress on the creation of a separate energy affiliate, and for continued support for the 'crucial role' played by the International Development Association in meeting the financial needs of low-income countries. With regard to the latter, they called for a firm reaffirmation of commitments to the Association's Sixth Replenishment and an early start to negotiations for the Seventh Replenishment. Ministers also hoped that its funding could be placed on a sounder basis in future.

International Monetary Fund

Ministers welcomed the expanded role of the International Monetary Fund in financing the balance of payments deficits of oil-importing developing countries. While accepting the need for Fund conditionality, they said that its guidelines on this 'should be kept under constant review to ensure that they are adapted in the light of evolving economic circumstances and their impact on member countries'. Domestic social and political circumstances had to be fully taken into account when suggesting policies for individual countries.

Noting that the costs of borrowing from the Fund had been increasing, ministers urged that the Supplementary Financing Facility subsidy account should enter into operation as soon as possible, and suggested that the Fund consider the possibility of extending the subsidy mechanism to the Enlarged Access Facility.[1] In addition they stressed the need for an early enlargement of the Fund's resources, and looked forward to a satisfactory and early conclusion of the Eighth Quota Review. Most ministers underlined the need for early agreement on a significant new allocation of Special Drawing Rights.

North-South Dialogue

Ministers noted with satisfaction the decision to hold a summit of leaders from developed and developing countries in Mexico in October (see pp 220-2), and believed that this and the Commonwealth Heads of Government Meeting (see p 295) would 'give the needed impetus to the North-South dialogue and set it on a new and constructive course'. Hope was also expressed that the global round of negotiations would be initiated during the current session of the United Nations General Assembly (see pp 292-3, 1980).

Commonwealth Co-operation

Ministers approved arrangements for placing the funding and expenditure planning of the Commonwealth Fund for Technical Co-operation on a

[1]The Supplementary Financing Facility provides extra credit to members whose payments imbalances are large in relation to their Fund quotas; the purpose of the subsidy account is to reduce the cost of using the Facility for low-income developing members. The Enlarged Access Facility comprises resources lent to the Fund by certain members on market-related terms in order to supplement the Fund's resources and enable it to continue its recently agreed policy of lending larger multiples of quotas to members in need (see p 203).

triennial basis; this would, over the first three-year period, restore the Fund's capacity to the level achieved in 1978-79 and provide a solid foundation for future growth. Satisfaction was also expressed with the progress of the action programme to assist smaller states, and the Commonwealth Secretary-General was invited to strengthen these activities further, as increased resources became available to the Fund. In addition they looked forward to proposals for further activities in the Secretariat's capital markets programme, which was already providing valuable assistance, and encouraged the Secretary-General to continue consultations concerning the provision of risk capital to small enterprises in developing countries (see pp 90-1, 1979).

Finally ministers 'took note of the special needs of Uganda in its programme of rehabilitation and construction and agreed to explore all practical ways in which the Commonwealth might continue to assist'.

Shorter Notes

COMMUNITY FISHERIES

On 29 September the European Community Council of Fisheries Ministers took further steps towards a revised common fisheries policy. Agreement was reached on a revised marketing system and on the renewal for a further year of arrangements providing financial assistance for the construction and modernisation of fishing vessels. The Council also adopted on a permanent basis an existing conservation regulation (see pp 289-90, 1980) which was due to expire at the end of October.

On external relations, the Council reached agreement on reciprocal arrangements for 1981 with the Faroes and Sweden; the agreement with the Faroes was linked to a Council declaration committing the Community to achieve a fair deal in future years to ensure that Community fishermen can fish their quota. Negotiations on a limit to the Faroese high seas catch of salmon, many of which originate in British rivers, are to start shortly. Other decisions included approval for a long-term framework agreement with Canada and the granting of a mandate to the European Commission concerning the negotiation of fishing rights with certain African countries.

Source: Ministry of Agriculture, Fisheries and Food press notice, 30.9.81.

PRESIDENT SADAT

The Egyptian President, Mr Anwar Sadat, was assassinated while reviewing a military parade in Cairo on 6 October. Later on the same day in the United Nations General Assembly, the British Permanent Representative, Sir Anthony Parsons, speaking on behalf of the ten members of the European Community, paid tribute to the late President, emphasising the sense of loss that his sudden death had brought. Any act of violence, however individual, diminished the international community as a whole: 'This sudden and tragic death of a great head of State is a grievous blow to those shared values which bind us all together as nations and peoples.' President Sadat was a great statesman and leader of his people, a true friend of Europe, and, above all, a 'man of peace'. His desire for a peaceful and prosperous future, both for his own country and for all the people of the Middle East, would remain an inspiration for all nations.

While attending the Commonwealth Heads of Government Meeting in Melbourne (see p 295), the Foreign and Commonwealth Secretary, Lord Carrington, in a radio interview, described President Sadat as a 'very remarkable man' and said that his journey to Jerusalem in 1977 (see p 460, 1977) had been 'an extraordinarily courageous act'. Lord Carrington said that the Meeting had issued a statement deploring the assassination and paying tribute to President Sadat.

The Prince of Wales, representing the Queen, and Lord Carrington, representing the Government, attended the funeral on 10 October.

Chancellor's Speech at the IMF

The Chancellor of the Exchequer, Sir Geoffrey Howe, stressed the need for a return to economic stability, in his speech to the joint annual meeting of the International Monetary Fund and World Bank in Washington on 30 September. He pointed out that a balance had to be struck between this stability and an observance of the principles of the market economy and added that the defeat of inflation remained the basis for sustained growth for both developed and developing countries. Commenting on the importance of trade as a means of strengthening the partnership between them, he described Britain's economy as one of the most open of the major industrialised countries. At the same time Britain's aid programme ranked very high, internationally, in relation to average income.

The Search for Stability

Speaking this year as representative of the Presidency of the European Community, a body with 'an outward-looking concern for the problems of the world economy', the Chancellor identified economic instability as the dominant issue. This instability had a number of causes, including the long period of gathering inflation which finally destroyed the fixed exchange rate system, the two substantial increases in energy prices and the effects of the fight against the resulting inflation. 'The return to stability', Sir Geoffrey warned, 'will require hard and sustained effort for us all, backed up by these institutions [the International Monetary Fund and the World Bank] which we must also sustain.' But stability alone was not enough; there also had to be a fostering of the principles of the market economy so that a crucial balance was struck.

The Role of the Private Sector

The Chancellor went on to say that governments and international institutions should not take on the whole responsibility for achieving this balance. Internationally as well as nationally, the wealth-creating private sector needed to be allowed 'all the room it needs to fulfil its role'. He pointed out that a major characteristic of the economic recovery and vigorous growth of Europe after the second world war was the encouragement of the market sector. The same dynamic force was today helping to secure rising living standards in the countries of East Asia and the Pacific basin, which had achieved rapid growth in spite of successive increases in the price of oil and the slow growth of world trade.

Sir Geoffrey felt that private investment overseas, which brought great benefits in the transfer of technology, the development of new markets and the bringing in of new expertise, needed to be encouraged. Britain had played its part by lifting exchange controls in 1979 (see pp 338-9, 1979). It was vital that countries receiving investment should establish and maintain a conducive climate, which included the freedom to adopt reasonable pricing policies and the absence of fears of expropriation.

The private markets had also played an important role in the recycling of funds, which had enabled countries to finance their external payments and to raise living standards.

The Role of Government

'The greatest discipline,' the Chancellor continued, 'is the need to fight inflation.' Success in this fight was essential for both developing and developed countries, including the United States. The United States administration was right to give priority to the defeat of inflation but Sir Geoffrey warned that the policy could not succeed simply through high interest rates; it was essential for the rest of the world that the United States should manage to reduce its budget deficit, with a consequent benefit to the level of interest rates. Only by reducing public deficits and the demands they made on capital markets could interest rates come down. In Britain, as elsewhere, the Government was seeking to achieve this by the containment of public expenditure. The Chancellor reminded his audience that in his last Budget (see pp 99-100) he had raised taxes rather than allow the deficit to increase.

Sir Geoffrey emphasised that the defeat of inflation was not only an end in itself but was also the essential foundation for sustained growth for both industrialised and developing countries. 'Our commitment to it must be clear, credible, determined and persistent.'

The International Monetary Fund

The role of the International Monetary Fund, the Chancellor continued, was to provide balance of payments support 'with which to finance well-judged plans of adjustment'. The Fund should not be transformed into 'a source for an endlessly

expanding transfer of resources', which would act as a substitute for adequate adjustment by borrowers.

Sir Geoffrey went on to say that it had been the objective that Special Drawing Rights in the Fund should become the principal reserve asset in the international monetary system. However, this had been at the time of the regime of fixed exchange rates, when there had been concern at the possibility of a world shortage of reserves. Under the present system of floating exchange rates there was no global shortage of liquidity, rather the reverse. Special Drawing Rights had remained an adjunct of the system rather than the centre; if they were to make progress as a reserve asset then they had to be made as attractive as possible to hold in national reserves and a prudent alternative to switching between the main currencies.

The World Bank

The Chancellor referred to the important role played by the World Bank in mobilising flows of capital to countries which would otherwise have found it hard to borrow in the market. The Bank's plans for an increase in lending for energy development were particularly worthy of support but he warned that any schemes had 'to mobilise additional funds and not to multiply bureaucracies'. They could well include an energy affiliate provided that it had the support of the oil producers.

Both the Fund and the Bank, Sir Geoffrey continued, were concerned about the need to prevent further protectionism. 'Trade remains the most effective means of strengthening the partnership that is necessary between developed and developing countries.'

He went on to say that aid, while important, was far from being the central instrument of development. It was a mistake to see the road to development primarily in terms of increased international transfers made by governments on concessional terms. As aid was a scarce resource it had to be deployed efficiently and towards those who most needed it.

British Aid

Britain had a large aid programme, the Chancellor said, despite the problems of economic adjustment and the fight against inflation. In 1981-82 the programme exceeded £1,000 million and was the fifth largest in the world (behind those of four substantially richer countries – see p 166). In relation to average income Britain's aid programme ranked very high indeed. Practically all bilateral aid was in the form of grants rather than loans, and aid was heavily concentrated on those most in need. In 1980 Britain gave 0·14 per cent of its gross national product to the least developed countries, thus virtually achieving in advance the target of 0·15 per cent which Britain accepted in September at the United Nations Conference on the Least Developed Countries (see p 255).

In spite of difficulties Britain had maintained an open economy – the most open of the major industrialised economies – with imports amounting to about one-third of gross domestic product. As Britain exported a similar proportion, it was highly dependent on the state of world trade.

Sir Geoffrey pointed out that Britain also contributed towards development through the provision of finance by the City of London and through Commonwealth membership, which linked Britain to many developing countries.

Conclusion

The Chancellor concluded by pointing out the need to recapture the more disciplined approach which had contributed to the economic successes of the 1950s and 1960s. The industrialised countries had to strive to achieve growth within a framework of stricter financial policies. The fight against inflation had to be sustained, the money supply, budget deficits, public spending and incomes had to be controlled and economic flexibility had to be restored. In the developing countries there had to be a patient search for policies to secure the necessary adjustment, 'hard and painful though the prescriptions may be'.

National Income and Expenditure 1980

Revised figures in the National Income and Expenditure Blue Book,[1] published in September, show that Britain's exports held up well in 1980 despite the high value of the pound. Living standards, as measured by real personal disposable income, rose by 1·4 per cent in 1980 even though gross domestic product fell in volume by over 2 per cent. There was a continuation of two recent trends: the share of manufacturing in gross domestic product fell further, now accounting for less than a quarter of the total, while those of financial services and professional and scientific services rose to 9 per cent and 12 per cent respectively; and savings as a proportion of personal disposable income increased once more, to nearly 16 per cent. Gross national product at market prices rose from £193,000 million in 1979 to £226,000 million in 1980.

The Blue Book gives figures for national income, expenditure and output for each of the 11 years from 1970 to 1980, with summary tables going back to 1959.

Income and Expenditure

Real gross domestic product (GDP) at factor cost (the total value of goods and services produced) fell by 2·1 per cent in 1980, having risen by 1·8 per cent in 1979. (GDP is usually calculated with reference to a simple average of three estimates based on income, expenditure and output data.)

Real national disposable income in 1980 also fell, by 0·7 per cent, having increased by 3·1 per cent in 1979. (Real national disposable income is

[1] *National Income and Expenditure 1981 Edition.* HMSO, £12·25. ISBN 0 11 630780 3.

a measure of the value of the goods and services available to the nation and is calculated by adjusting GDP at market prices for changes in both the terms of trade, which express the price of exports in relation to that of imports, and in net earnings and transfers from abroad.)

Expenditure

In 1980 total final expenditure fell by 1·8 per cent in real terms, having risen by 3·5 per cent in 1979. Consumers' expenditure, final consumption of general government (central government and local authorities) and exports all rose by small amounts, while gross fixed investment fell by 0·7 per cent and imports by 3·3 per cent. (Both the rise in exports and the fall in imports took place despite the appreciation in sterling.) The major reason for the decline in final expenditure was that stocks and work in progress, which had risen by over £2,500 million in 1979, fell by nearly £3,600 million in 1980.

Factor Incomes (at Current Prices)

Income from employment (mainly wages and salaries) is the major component of total domestic income. It increased by 18·9 per cent in 1980, having risen by 17·1 per cent in 1979.

In 1980 the gross trading profits of companies fell by 6·7 per cent before allowing for stock appreciation. The profits of North Sea oil companies increased by about 45 per cent as a result of higher oil prices and despite only a negligible rise in the volume of production and sales. Other industrial and commercial companies experienced a fall in profits of about 15 per cent. In 1979 profits of all companies had risen by 24 per cent, largely because of the performance of the North Sea oil companies. After allowing for stock appreciation the rise in 1980 was 0·8 per cent compared with 8·6 per cent in 1979.

The share of company profits, net of stock appreciation, in GDP fell to 10·2 per cent in 1980 (from 11·7 per cent in 1979), continuing its fall from the high levels of the 1960s.

The gross trading surplus, net of stock appreciation, of public corporations rose by 15·3 per cent in 1980, partly because of a large increase in the surplus of the energy industries. In 1979 the overall surplus had fallen by 2·1 per cent.

Output (at Constant Prices)

Manufacturing output in real terms fell by 9·4 per cent in 1980, having changed little during 1979. The level in 1980 was nearly 13 per cent below the peak reached in 1973. The volume of output of the mining and quarrying industries, including North Sea oil and gas, rose by only 1·9 per cent. Although this was a far lower rate of increase than in recent years it meant that production was three times as high as in 1975 and virtually equivalent to requirements (see p 144). With a good harvest, agriculture, forestry and fishing had the largest rise in output, 8·5 per cent. As well as in manufacturing, there were falls in output in construction, gas, electricity and water, transport and the distributive trades.

Between 1970 and 1980 the contribution of manufacturing to GDP at factor cost fell from 31·5 per cent to 23·4 per cent. Over the same period the contribution of petroleum and natural gas rose from practically nil to 3·7 per cent. Two other sectors which grew substantially were insurance, banking and finance and also professional and scientific services, their shares rising from 6·8 per cent to 8·9 per cent and from 9·9 per cent to 12·4 per cent respectively.

The Personal Sector

Income

Real personal disposable income increased by 1·4 per cent in 1980 while total personal income, before providing for depreciation and stock appreciation, rose by 18 per cent at current prices. Current grants from general government increased by 21·4 per cent and rent, dividends and net interest by 14·6 per cent. Taxes on personal income rose by 19·6 per cent and National Insurance and similar contributions by 21·2 per cent so that the rise in personal disposable income at current prices was 17·5 per cent, slightly less than that in personal income.

Expenditure

Although consumers' expenditure rose by 16 per cent at current prices between 1979 and 1980 the increase in real terms was negligible. However, consumers' expenditure abroad rose in volume by 26·9 per cent, helped by the strength of sterling. Expenditure on motor cars and motor cycles fell in real terms by 8·3 per cent and that on alcoholic drink by 3·7 per cent.

Saving as a proportion of personal disposable income continued its recent increase, rising from 14·7 per cent in 1979 to 15·8 per cent in 1980.

Over the longer period, the proportion of consumers' expenditure devoted to food fell from 20 per cent in 1970 to 17·2 per cent in 1980, a normal trend during periods of generally rising incomes. The proportion spent on tobacco also fell, from 5·4 per cent to 3·6 per cent. (There was also a fall in the volume of spending on tobacco, the only category apart from domestic service to fall over the period.) The proportion spent on housing rose from 12·7 per cent to 14·6 per cent and that on the purchase of motor cars and motor cycles from 3·1 per cent to 4·1 per cent, although this was still below the peak reached in the pre-oil crisis year of 1972.

General Government Expenditure

General government expenditure, current and capital, on goods and services rose in volume by 0·7 per cent in 1980, slightly more than in 1979. Current expenditure on goods and services increased in real terms by 2·3 per cent in 1980. The volume of expenditure on military defence rose by 7·1 per cent and that on the National Health Service by 2·4 per cent. Expenditure on education hardly changed. The volume of fixed investment carried out by general government fell by 12 per cent.

Investment

The total volume of fixed investment fell by 0·7 per cent in 1980, after a slight increase in 1979.

A rise of 1·4 per cent in investment by the private sector and one of 1·8 per cent by public corporations was offset by the fall in that of general government (see above).

Investment in vehicles, ships and aircraft in 1980 rose in volume by 0·5 per cent and that in plant and machinery by 6·5 per cent (partly because of an increase in leasing). Investment in dwellings fell by 12 per cent and that in other new buildings and works by 4 per cent.

Between 1979 and 1980 the gross capital stock, valued at constant replacement cost, increased by 2·6 per cent.

Industry Act Report

Details of the main schemes of aid to industry in 1980-81 provided directly by the Department of Industry and the Scottish and Welsh Offices are contained in the annual report on the exercise of powers under the Industry Act 1972 (see pp 267-8, 1972).[1]

Regional development grants were once again the largest component of aid to industry in the assisted areas. Payments totalled £490·5 million in 1980-81, taking the cumulative total since 1972-73 to £2,692 million. Projects in the chemicals and allied industries have accounted for the greatest proportion of the cumulative total (22 per cent), followed by metal manufacturing (17 per cent) and food, drink and tobacco processing (10 per cent). Projects in Scotland and Wales have accounted for 26 per cent and 17 per cent of the cumulative total respectively, while in England the northern region has accounted for 32 per cent of the total, and the north west 16 per cent. The report notes that changes in assisted area gradings took place on 1 August 1980 in accordance with the review of regional industrial policy announced in July 1979 (see pp 265-9, 1979).

Offers of regional selective assistance made to industry in 1980-81 totalled £119 million, of which overseas companies accounted for £46 million (United States companies alone for £24 million). A number of changes in the operating procedure for this assistance were introduced to help to encourage new investment, particularly by small firms.

The exchange risk guarantee scheme, enabling firms in the assisted areas to take up foreign currency loans from the European Investment Bank and the European Coal and Steel Community, was extended in August 1980 to cover loans for tourism projects as well as for manufacturing. In order to encourage firms to take more advantage of European Investment Bank loans the Government agreed in February 1981 to provide exchange risk cover on a £5 million loan to the Industrial and Commercial Finance Corporation for lending to small firms. The Government is prepared in principle to make further provision of this kind.

An in-plant training scheme was introduced on an experimental basis on 1 April 1980. It applies to manufacturing projects providing a minimum of 25 jobs in special development and development areas (and in exceptional cases in the intermediate areas) and covers a fixed 40 per cent of training costs and the basic wages of trainees and instructors. It attracts a matching contribution from the European Social Fund.

The report also covers the building of factories and industrial estates in the English assisted areas, under the Local Employment Act 1972.[1] A total of 72,500 square metres of factory building was completed in England in 1980-81. The Industry Act 1980 (see pp 339-40, 1979) permitted the English Industrial Estates Corporation to participate with the private sector in advance factory schemes. During 1980-81 schemes were under construction with the Legal and General Assurance Society and the National Coal Board pension fund (see p 189, 1980) and other projects were agreed with two commercial banks. Some £30 million of private sector funds has been promised for expenditure on these projects up to 1982-83.

The national selective assistance provisions of the 1972 Industry Act were also amended by the 1980 Act, enabling the Government to guarantee loans or borrowing by British companies in foreign currency. The initial limit was set at 1,000 million Special Drawing Rights (units of value established by the International Monetary Fund), which was equivalent to £550 million at 31 March 1981. The report notes that most of the sectoral schemes of selective assistance have closed for applications and are nearing completion. The Micro-electronics Industry Support Programme remained open at the end of 1980-81; of its budget of £55 million, £37 million has so far been allocated under the Industry Act (and £3·4 million under the Science and Technology Act 1965). Assistance is also available for major projects in manufacturing which are in the national interest and which satisfy the general criteria for selective assistance (see p 266, 1979). There had been 108 applications under the general criteria by 31 March 1981 and grants had been offered for 17 projects involving capital outlays of £68·9 million.

The 1981 Budget measures included two new selective assistance schemes: a loan guarantee scheme for small businesses (see pp 103 and 115) and a scheme to facilitate conversion from oil- to coal-fired boilers to help industry to minimise energy costs (see p 101).

Special assistance to the shipping and the shipbuilding and related industries is also covered in the report.

[1] *Industry Act 1972.* Annual report by the Secretaries of State for Industry, Scotland and Wales for the year ended 31 March 1981. HMSO, £7·30. ISBN 0 10 246081 7. The report does not cover support for manufacturing corporations directly sponsored by the Department of Industry (in aerospace, steel, shipbuilding and motor vehicles) or support for investment in research and development made by the Department's Research Requirements Boards (see p 184).

[1] Factory building in Scotland and Wales is carried out by the Scottish and Welsh Development Agencies who report independently on their activities.

Shorter Notes

LOCAL GOVERNMENT FINANCE

Following an announcement on 24 September by the Secretary of State for the Environment, Mr Michael Heseltine, that he would seek legislation in the next parliamentary session to control high spending by local authorities, a set of proposals on new rating procedures[1] has been issued. The proposals aim to bring home to local authorities and their electorates the consequences of high spending policies, to strengthen accountability and to give some protection to non-domestic ratepayers, such as the owners of businesses, who have no direct representation on their councils.

Under the proposals there would be a limit, in terms of a rate in the pound, on the main rate which an authority could levy at the start of a financial year in April. Expenditure in excess of the yield from the main rate would need to be financed out of one or more supplementary rates. As with the main rate, the first supplementary rate would be subject to a limit (see below). The second supplementary rate would not be limited but the authority would have to put its proposal for such a rate to its electorate in a referendum; a resolution of intent would have to be passed by 1 October in any year. An authority which failed to gain the support of its electorate in the referendum and was unable to reduce expenditure sufficiently during the remainder of the year to avoid the need for additional income would be able to seek government approval for borrowing. Such approval might be granted subject to certain conditions, including the need for the authority to seek government approval before setting its rates for the following year. An authority could also seek approval for borrowing if it found after 1 October that, contrary to expectations, it needed a second supplementary rate. All supplementary rates would be levied at a reduced poundage for non-domestic ratepayers, whose place of residence might mean that they could not vote against the policies of a high-spending authority.

Under the rate support grant system (see p 56) the Government distributes block grant to authorities to enable them to provide a comparable standard of service for a similar rate in the pound. The norm of a comparable standard of service is the grant-related expenditure assessment, which represents the cost to each local authority of providing a typical standard of service. Under the new proposals the limit on the main rate would be high enough to enable authorities to finance a common level of expenditure above their grant-related expenditure assessments. The first supplementary rate would be limited to a percentage of the limit on the main rate.

As some authorities might find it difficult in the early years of the new arrangements to lower their rate levels to the limits on the main rate plus the first supplementary rate, the Government feels that it may be desirable to modify the arrangements with regard to authorities which, notwithstanding high levels of expenditure, have made exceptional efforts to comply with the Government's guidelines.

[1] *Proposals for New Rating Procedures: Technical Memorandum.* Available free from the Department of the Environment, 2 Marsham Street, London SW1P 3EB.

NATIONAL RESEARCH DEVELOPMENT CORPORATION

Net investment in development projects by the National Research Development Corporation in 1980-81 amounted to £12·5 million, an increase of 42 per cent over the 1979-80 figure of £8·8 million, according to its annual report and accounts[1] published on 24 September. (The Corporation, which was originally established to help bring inventions into commercial production, and the National Enterprise Board are now operating jointly under the name British Technology Group, and are to be merged (see p 238).) The number of new investments authorised also rose from 157 to 161. The report notes that the increases occurred broadly across industry, research establishments, universities and other bodies and that the number of new projects was encouraging in view of current economic conditions.

The Corporation's net revenue in 1980-81 rose to £21·9 million from £19·1 million in 1979-80 and its operating surplus was £5·5 million (£4·1 million after tax and interest). Royalties from cephalosporin antibiotics, which rose during the year, again made the major contribution to licence revenue, most of which was earned overseas, and would have shown a greater increase but for the prevailing high exchange rate of sterling.

During 1980-81 the Corporation set up a Small Company Innovation Fund to provide sums of up to £60,000 to small innovative businesses with growth potential, the emphasis being on speed of response and flexibility of the financial arrangements to suit specific needs (see p 295, 1980). By the end of the year the Fund had embarked on 14 new ventures and was assessing a large number of applications. In addition, a new wholly owned subsidiary, Finovia Ltd, designed to provide leasing finance for the introduction into industry of innovative products, began business in 1981 with a commitment of £0·9 million.

The Corporation's total portfolio of development projects with industry increased during 1980-81 by 34 to 320, while the total number of inventions assigned to it (mostly by government-financed bodies) increased by 57 to 379. Major new projects included the Context-Pascal software development system (Systems Designers), a precision synthesised signal generator (Racal-Dana Instruments), superalloy recovery (Chapman Metallurgicals) and topical magnetic resonance (Oxford Research Systems). Two organisations received the 1981 Queen's Award for Technological Achievement in respect of projects which had received support from the Corporation: Datron Electronics (AUTOCAL digital

[1] *National Research Development Corporation. 32nd Annual Report and Statement of Accounts 1980-81.* Available from the Information Department, British Technology Group, 12-18 Grosvenor Gardens, London SW1W 0DW.

voltmeter) and The Flexible Diamond Tool Company (flexible abrasive materials). The Corporation also considerably expanded its own efforts to develop biotechnology into viable new industries (see p 295, 1980, and p 116) and negotiated an agreement with Celltech Ltd (see p 253, 1980), a new company set up by the National Enterprise Board and a consortium of financial institutions, under which inventions in certain fields arising from Medical Research Council laboratories would be developed and exploited.

NEW ECONOMIC DEPARTMENT IN NORTHERN IRELAND

The Government has decided to establish a new unified department of economic development in Northern Ireland, bringing together the Departments of Commerce and Manpower Services. The new department will therefore be responsible for the promotion of industrial development; for the Government's relationship with manufacturing industry, commerce, tourism, and the energy and mining industries; and for industrial training, the employment and careers services, and special employment schemes.

As a first step it has been decided to create a single body, to be called the Industrial Development Board, to take over the industrial development functions at present carried out separately by the Department of Commerce and the Northern Ireland Development Agency (see pp 133-4, 1980). It is considered that a unified body will be more effective in dealing with potential investors and in the overseas promotion of Northern Ireland as a location for manufacturing investment. Although the Board will be a governmental body (initially under the aegis of the Department of Commerce and ultimately under that of the new economic department), it is intended that it should operate in a businesslike and entrepreneurial way, subject only to necessary constraints imposed by political and financial accountability. Several features will distinguish it from conventional government departments: its chief executive will be the accounting officer for money voted to the Board; and it will draw fully on private sector skills through, among other things, medium-term engagements of qualified people from the business and professional community.

It is intended to set up the Board by April 1982 and the new economic department as soon as possible after that. Legislation will be necessary in both cases.

The announcement of these decisions follows a study of the economic departments in Northern Ireland set in hand earlier in 1981. It was decided in the course of the study that the Department of Agriculture and the Local Enterprise Development Unit, which promotes the small businesses sector, should retain their existing forms.

Source: Northern Ireland Office press notice, 13.8.81.

SOCIAL AND CULTURAL AFFAIRS

New Towns in Scotland

The Government's view on the future of the five Scottish new towns is set out in a discussion document published in October. Underlining the importance it attaches to the new towns and particularly to their job creation potential and attractions for overseas investors, it considers that they are likely to achieve viability as economic and social entities by the time they reach their planned population targets. At that stage the development corporations could be wound up.

The success of the new towns in helping to rejuvenate the Scottish economy in the last 35 years and to accommodate overspill population from Glasgow is beyond dispute, the document says.[1] New homes for nearly 213,000 people and 76,000 new jobs, of which over 43,000 are in industry, have been provided in environments of outstanding quality. The new towns still have a major part to play as central government instruments for stimulating employment and underpinning the economy. In particular, their structure as a form of local administration as well as of urban development provides an environment, backed with administrative resource, which has shown itself to be eminently successful in the attraction of foreign investment. The towns 'represent a positive asset which should not, in present economic circumstances, lightly be extinguished'.

The continued existence of the new towns cannot, however, be justified on the basis of past achievements but on a continuing demonstration that they are able to produce a high rate of industrial growth. Over the years their role has changed in emphasis from accommodating overspill from Glasgow towards acting as key growth points in the Scottish economy, offering particular attractions especially for inward investment from abroad. Once their role in promoting rapid initial economic growth has also been fulfilled the new town development corporations will be obvious candidates for dissolution. In the meantime, however, the Government thinks that the corporations, with their integrated staff teams able to reach settlements quickly with industrialists, and having a sufficient housing capability to meet the needs of any workers they wish to bring in, provide the most effective means of managing the new towns until they approach completion. When each town reaches the stage of growth necessary to establish it as a viable economic and social entity, the purpose of the corporation will be fulfilled and the town can cease to be 'new' and instead be subject to the more gradual process of change experienced in other towns.

The Government proposes to retain the development corporations while they continue to generate industrial growth until each new town draws near to its designated population. As a consequence of the towns' concentration on their role as industrial growth points, their housing activities should be at a distinctly lower level than in the past. New housebuilding must be undertaken increasingly by the private sector and the role of the development corporations restricted to that necessary to provide housing for special needs, such as the elderly and disabled, and to provide a minimum level of support to assist incoming industry.

When a new town is nearing its designated population, the Secretary of State for Scotland will set target dates for the transfer of rented housing to the district council within whose boundaries the new town lies. A target date will also be set for the dissolution of the development corporation when any residual assets will pass to the local authorities or, if industrial or commercial, to the Scottish Development Agency. The Government thinks that the target date for the winding-up of a development corporation should be set four or five years in advance and it therefore proposes to set a target date when the population comes within 5,000 of the designated population. East Kilbride (target population 82,500) seems likely to be the first town to reach this position, but on present expectations the actual winding-up process will not take place before the end of the present decade, with the other towns following in the 1990s.

[1] *New Towns in Scotland: A Policy Statement.* Available free from the Scottish Economic Planning Department, New St Andrew's House, Edinburgh EH1 3TA. The towns are Cumbernauld (present population 48,207), East Kilbride (71,316), Glenrothes (32,478), Irvine (55,278) and Livingston (36,510).

Shorter Notes

LAND REGISTERS

Land registers of unused and under-used public land, provided for in the Local Government, Planning and Land Act 1980 (see p 69, 1980), are to

be extended to cover the whole of England. This was announced by the Secretary of State for the Environment, Mr Michael Heseltine, in a speech to the 1981 Conference of National Park Authorities on 18 September. So far 35 districts and London boroughs have been designated to produce registers, and 32 registers have been published. All the remaining cities, boroughs and districts will be formally designated to draw up registers and the new registers will be published on 1 April 1982.

Mr Heseltine announced that the first 32 registers had revealed details of over 20,000 acres (8,090 hectares) of under-used land on more than 2,000 sites owned by local authorities, nationalised industries and other public bodies. Nearly half of the land had potential for development, and about a tenth was specifically suitable for housing. It demonstrated, Mr Heseltine continued, the potential of the registers in giving industrialists, housebuilders and others the opportunity of discovering sites which might fit their development needs. The registers represented the first consistent and comprehensive attempt to ease the pressure of demand on new green field sites in the countryside by re-using and reclaiming land already spoiled in the towns. 'The sensible use of land in our inner city areas', Mr Heseltine said, 'must be an integral part of our approach towards the sensible use of land in Britain.'

NATIONAL GARDEN FESTIVALS

Merseyside Development Corporation (Liverpool) has been invited to hold Britain's first National Garden Festival in 1984. This was announced by the Secretary of State for the Environment, Mr Michael Heseltine, on 15 September. Subject to further discussions on funding, Stoke-on-Trent has been invited to hold the second festival in 1986.

National garden festivals, the Secretary of State said, provided opportunities for the rejuvenation of run-down inner city areas and the reclamation of derelict sites. They also drew public attention to improvements in the environment which could be achieved by industry, the local community and the public sector working together. After the festival large areas of formerly derelict land would be left as parks and attractive areas for offices, industry and housing.

The idea comes from the continent of Europe. The 'Gartenschau', or garden show, has its origins in the Federal Republic of Germany, especially after the second world war when it was used as a means of repairing bomb damage and bringing greenery back into devastated cities. Shows are now to be found in many European countries and in North America. Areas of derelict land are reclaimed, or existing parks refurbished, and major exhibitions covering many aspects of plant displays, gardening and leisure pursuits are held. The exhibitions last for about six months, after which they are removed and the upgraded land used as a park and to encourage neighbouring industrial and commercial development. West German garden shows, at the federal level, are held every other year in a different city, attracting many millions of visitors. The allocation of sites for future exhibitions is booked up into the 1990s.

Source: Department of the Environment press notice, 15.9.81.

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Tables of Persons acquiring Citizenship of the United Kingdom and Colonies 1980. In 1980, 33,398 people were granted citizenship – 27,536 in the United Kingdom and 5,862 in overseas countries – compared with a total of 29,500 in 1979. Cmnd 8325. HMSO, £2·25. ISBN 0 10 183250 8.

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Employment Rehabilitation: A Review of the Manpower Services Commission's Employment Rehabilitation Services. Available free from the Manpower Services Commission, Selkirk House, 166 High Holborn, London WC1V 6PF.

No Barriers Here? A Guide to Career Development Issues in the Employment of Women. Available free from the Manpower Services Commission, Training Services, 162-8 Regent Street, London W1R 6DE.

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Coal and the Environment. A report by the Commission on Energy and the Environment which concludes that there are no insuperable environmental obstacles involved in the levels of coal production and use envisaged up to the end of the twentieth century and beyond. HMSO, £23. ISBN 0 11 751585 X.

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Vol. 2. Oral Evidence. HMSO, £12·65. ISBN 0 10 044351 6.
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Towards Better Dental Health – Guidelines For the Future. A report containing recommendations on safeguarding dental health, with particular emphasis on preventive care, on the ways in which dental treatment could be paid for, and on manpower and training in the dental profession. It was prepared by the Dental Strategy Review Group set up in 1980 by the Secretary of State for Social Services. Available from Department of Health and Social Security (Information Division), Block 4, Canons Park, Government Building, Honeypot Lane, Stanmore, Middlesex HA7 1A7. £1·35. ISBN 0 902650 31 9.

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Vol. 2. Minutes of Evidence. HMSO, £10·80. ISBN 0 10 008221 1.
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